Enterprise Nation

Small Business Barometer

Q3 2025

Introduction

This snapshot report takes the pulse of the small business community in the UK in the last quarter of 2025.

It captures business owners' feelings around financing, digital tools, exporting, staffing, use of workspaces and growth – and incorporates comparative trends from previous reports.

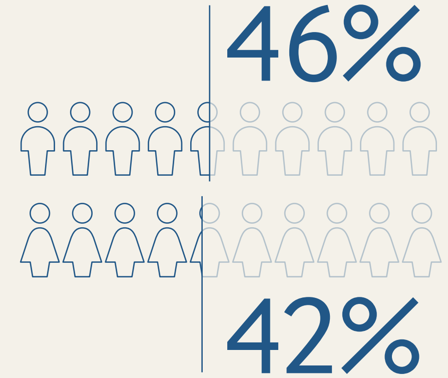
The report paints a nuanced picture of the UK's small business sector. While cautious signs of recovery are emerging – particularly in digital engagement and appetite for funding –several critical challenges remain, with the ambition to export significantly dropping after recent tariff increases.

Research findings

Adoption of digital tools and technology

The shift toward digital operations remains consistent, with 43% of UK small businesses now considering themselves to be digital businesses – about the same as in 2024.

The "digital gap" between male-led and female-led firms has narrowed significantly to just 4%. Forty-two per cent of female founders report adopting digital technology in Q3/Q4 of 2025, compared to 46% of male founders. In 2024, the gap was 15%.



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Outside investment

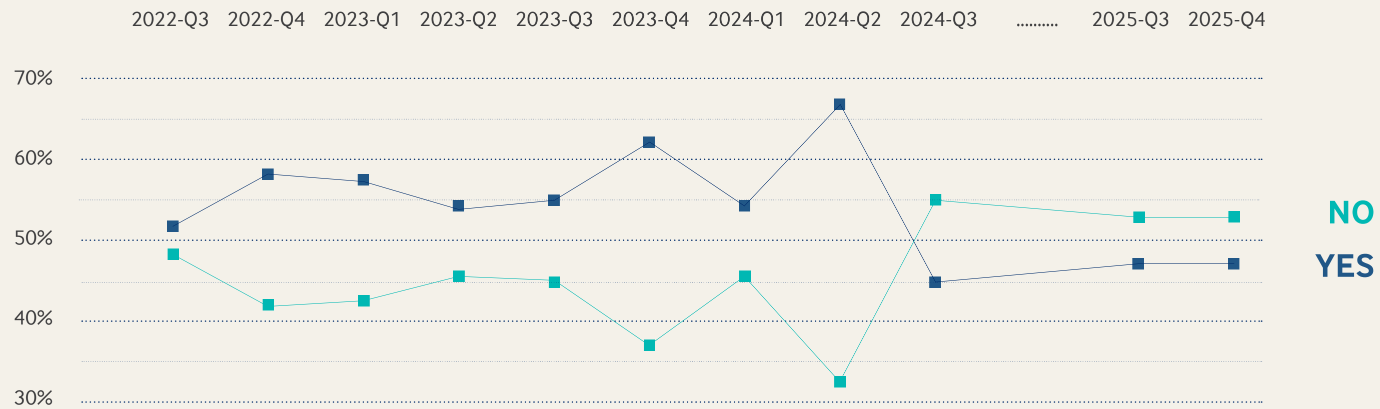
Almost half of the small businesses surveyed say they plan to seek outside funding over the next 12 months to fuel their plans for growth.

Demand for funding peaked in Q2 2024 at 67% but dropped to 45% in Q3 of the same year. In late 2025, it has partially recovered to 47%.

Although this figure reflects a cautious rebuilding of confidence after a mid-2024 dip, the outlook remains mixed, lagging behind 2022's funding ambitions by 11%. There are also huge regional disparities.

Demand peaks in the North East (67%) and London (59%), while areas such as the East of England and East Midlands show significantly lower interest in seeking outside investment, at 24% and 27% respectively.

Small business investment ambition over next 12 months

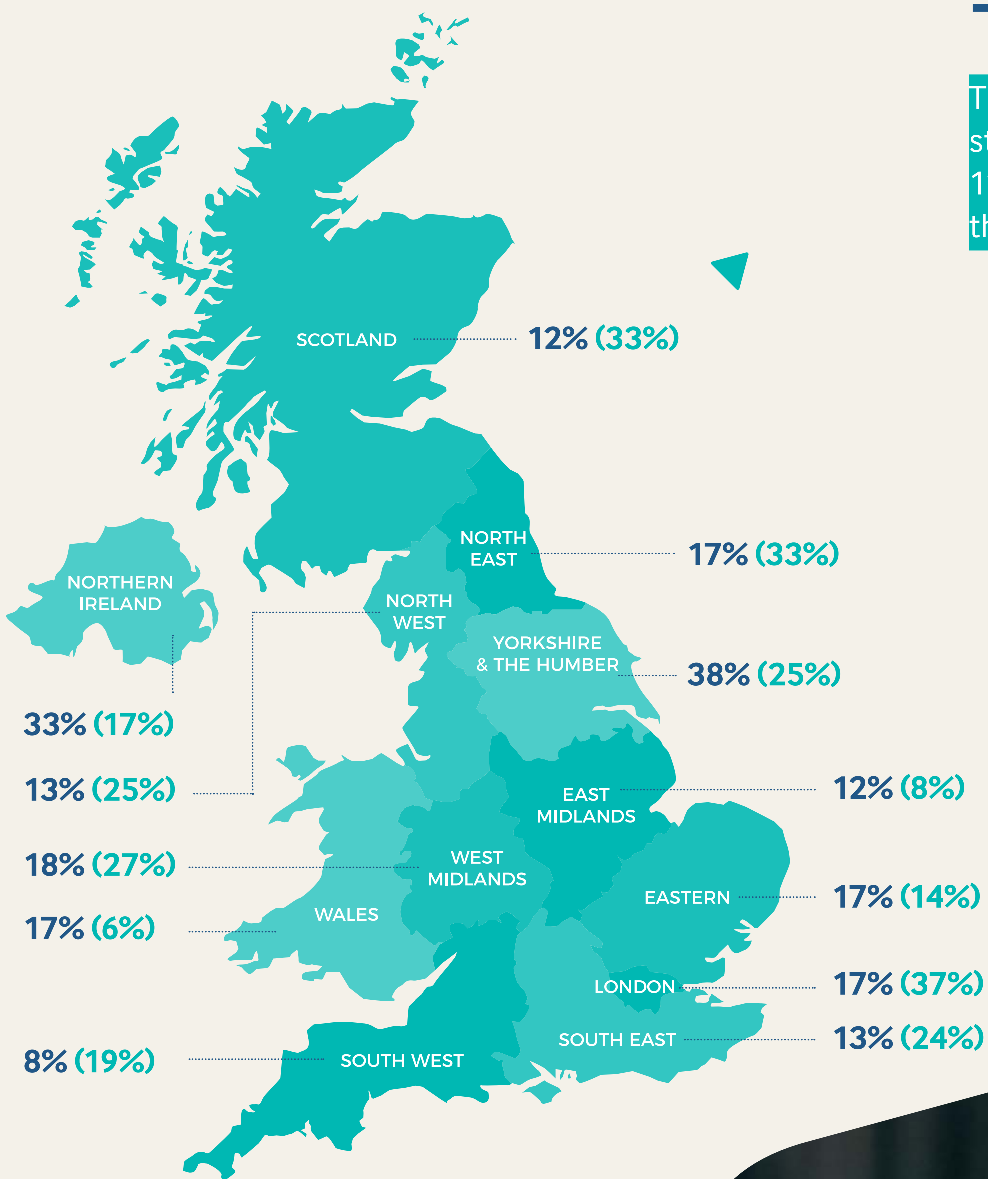


Exporting goods and services

Only 16% of businesses surveyed are currently selling their goods or services outside the UK – a figure roughly equal to the data for 2024. However, the appetite to export has declined slightly, with 23% of firms telling us they want to sell overseas, compared with 26% last year.

Regions like Yorkshire and Humber (38%) and Northern Ireland (33%) are where current exporting is taking place most commonly. At the same time, the desire to export is at is strongest in London (37%), 11% above the figure for the nation as a whole.

Small business export ambition map



YES (NO, but would like to)

+11%

The desire to export is at is strongest in London (37%), 11% above the figure for the nation as a whole

Growth

While plans to expand haven't evaporated among the early-stage businesses the barometer surveyed, the expectation of expanding, or the confidence to do so, has dipped two percentage points to 31%.

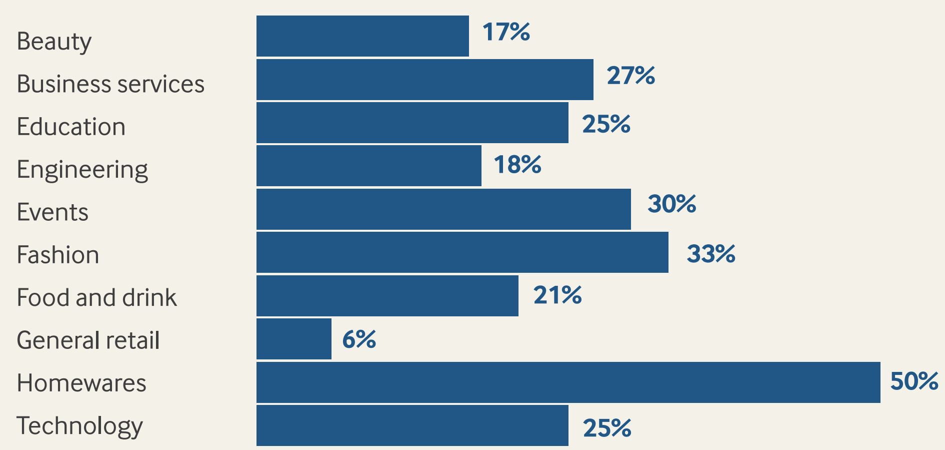
Growth plans vary by sector, with the technology and homewares industries standing out as having comparatively high expectations of growing next year and beyond.

Meanwhile, sector-specific growth expectations vary. Technology businesses display strong confidence with a quarter (25%) expecting stability or growth, whereas general retail was the least likely to grow (6%) reflecting wider economic uncertainties.

31%

confidence to expand, has dipped two percentage points to 31%

Small business growth ambition over next three months



50%

of homewares businesses display strong confidence of stability or growth

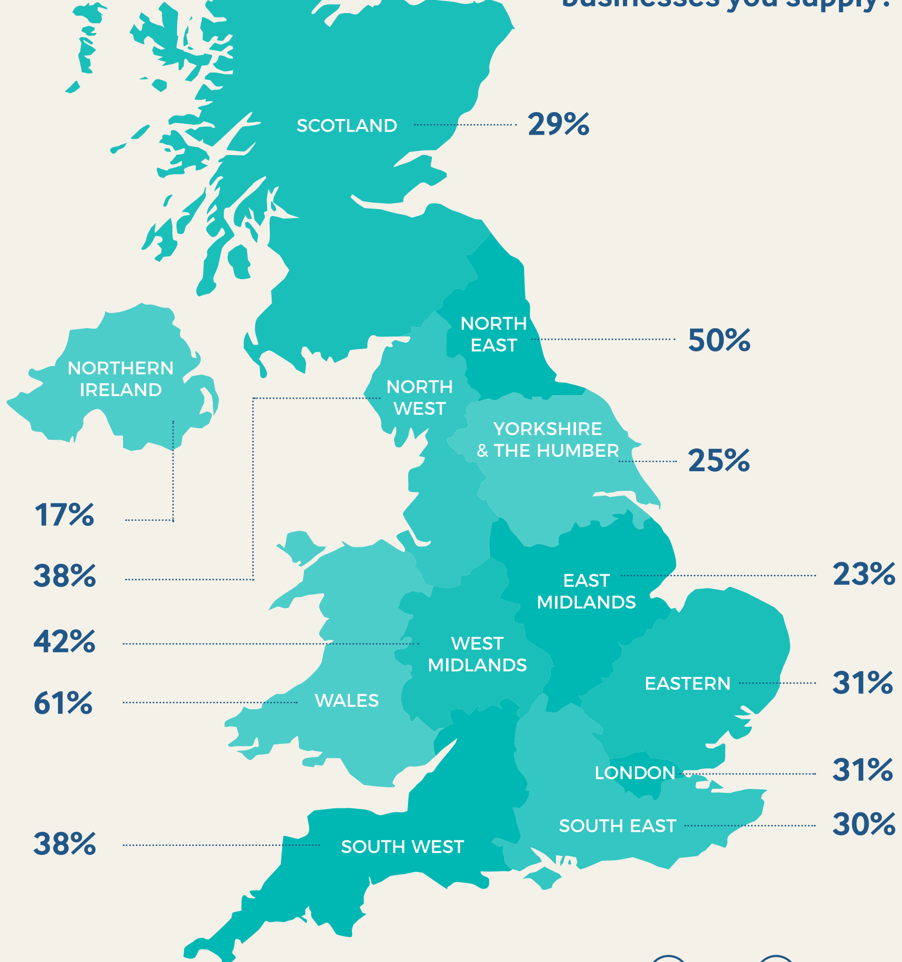
Late payments

The ongoing challenge of late payment persists and is most pronounced in Wales (61%) and the West Midlands (42%), where business owners say they often wait to be paid – putting their resilience under further strain.

61%

of businesses in Wales report challenges with late payment

In the past 12 months, have you experienced late payments — either from customers or from larger businesses you supply?



Side hustles

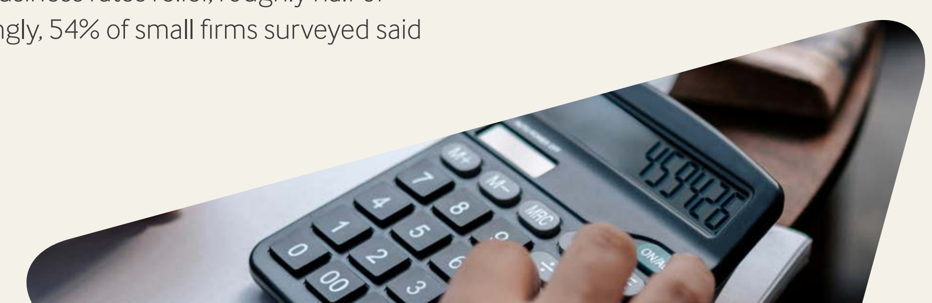
Roughly 43% of the founders surveyed said they originally began their businesses as side hustles, with female founders (48%) and younger entrepreneurs (40% among those aged 18 to 24) overwhelmingly representing this trend.

35% 48%

founders began as side hustles

Business rates

Only 25% of SMEs currently qualify for business rates relief, roughly half of those that qualify to pay them. Interestingly, 54% of small firms surveyed said they don't pay business rates.



Hiring intentions by sector and regional trends

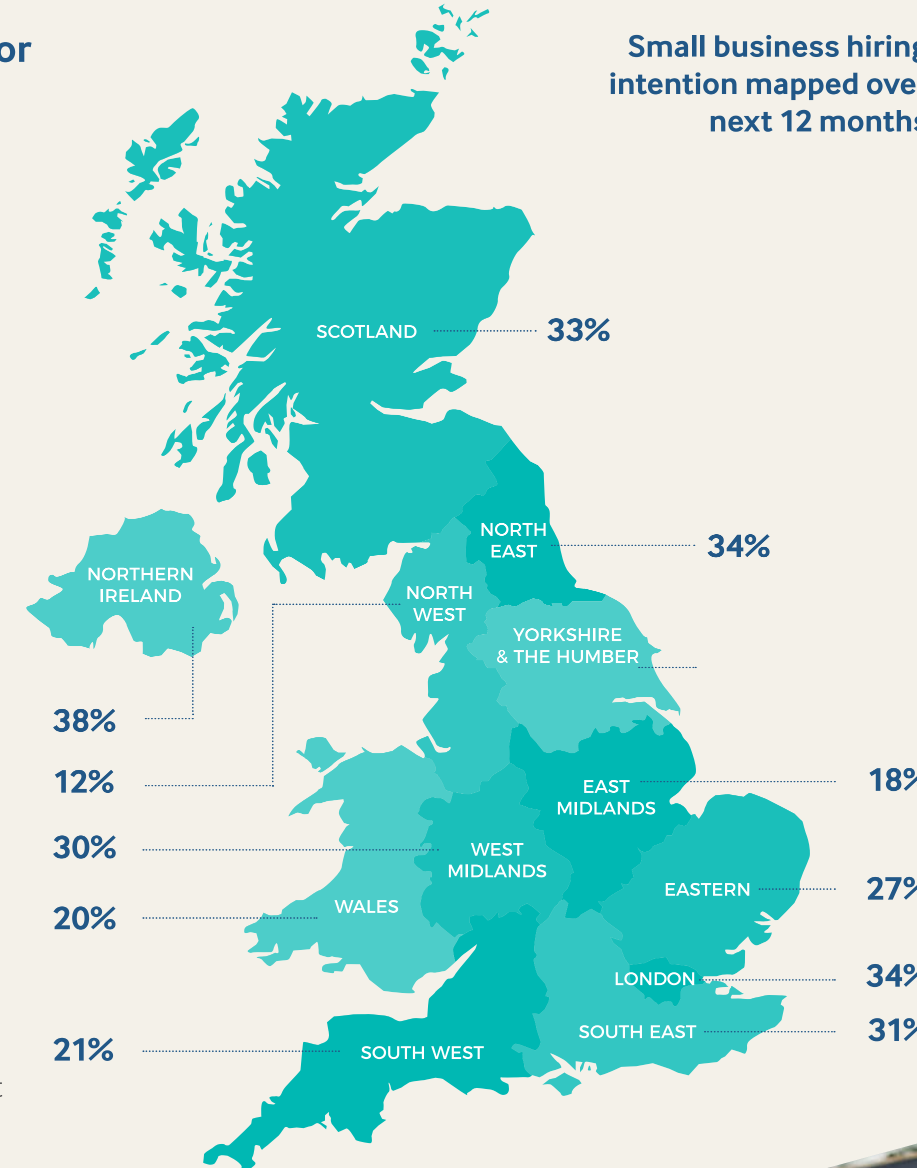
Overall sentiment:

- A quarter (25%) of businesses surveyed say they have "no chance" of hiring in the next 12 months, while 18% think it's "quite likely" and 11% say "very likely".
- A third of emerging beauty brands (33%) said they were "quite likely" to take on staff, as did a fifth (19%) of business services companies. Technology firms were the most likely to employ, with 32% saying they were "very likely" to take on staff.

Regional picture:

- Firms in the North East stand out, with 17% saying they are "very likely" to hire and another 17% saying they were "quite likely" to employ new staff. London shows solid, moderate optimism while the East Midlands and North West are more cautious.

Small business hiring intention mapped over next 12 months



Workspace preferences by gender

- Working from home: 62% of female-led and 59% of male-led businesses operate remotely.
- More male-founders are likely to have a rented office space (18%) than women (15%).
- Women are more likely to have a high-street shop (6% vs 3%).

Summary of the findings

- The sentiment around seeking outside funding suggests a recovery, but figures are still well below the highs of 2024.
- Whether businesses are adopting digital technology tends to depend on the type of founder – suggesting there are gaps in digital engagement.
- The ambition to export goods and services outside the UK is down.
- Late payments remain a widespread issue and continue to hamper small businesses' resilience.
- The outlook on growth varies significantly by sector and region.
- Small businesses started as side hustles remains a prevalent phenomenon and reinforces entrepreneurship's informal roots, especially for younger and female founders.
- Staffing plans vary widely – technology firms and some regions like the North East are most ready to hire new employees.
- Workspace usage still leans toward home-based operations, with a slight nuance by gender.

Analysis

Aaron Asadi
CEO, Enterprise Nation

"This snapshot of our small business community reflects an ecosystem in transition. While it's heartening to see early signs of recovery, especially in areas like funding and digital engagement, we can't ignore ongoing challenges especially in the appetite to export.

"The persistent issue of late payments and the stark regional and gender disparities in digital adoption highlight where we must focus our support. We urge targeted measures that enhance funding awareness, bridge the digital divide with tailored training and bolster export capabilities, particularly in regions showing latent intent.

"It's essential that we also refine business rates to better serve small firms. By taking these steps, we can ensure that every small business has the environment it needs to succeed."

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Report data collected from 400 small businesses between September 1 and October 30 2025